

RECORD OF PROCEEDINGS

MINUTES OF A REGULAR MEETING OF THE BOARD OF DIRECTORS OF

DEEP CREEK WATER AND SANITATION DISTRICT

HELD: Thursday, the 8th day of December, 2016, at 10:00 a.m. at 6530 S.
Yosemite Street, Suite 200, Greenwood Village, CO 80111

ATTENDANCE:

A regular meeting of the Board of Directors of Deep Creek Water and Sanitation District, Mineral County, Colorado, was called and held as shown above and in accordance with the applicable statutes of the State of Colorado, with the following directors present and acting:

Margaret Hampton, Assistant Secretary (via conference call)
Ethan Hampton, Assistant Secretary (via conference call)

Marcus McAskin of Michow Cox & McAskin LLP and Karen Struss, notary public, were also present.

In addition, John Parker and Ann Parker were present and William Parker participated in the meeting (via conference call). John Parker, Ann Parker and William Parker were appointed to the Board at the December 8, 2016 meeting (reference Director Appointments and Oaths of Office sections of these meeting minutes, page two below).

CALL TO ORDER:

Director Ethan Hampton called the meeting of the Board of Directors of the District to order at approximately 10:03 a.m.

CONFLICTS OF INTEREST:

The Directors present noted for the record that they own property within the boundaries of the District, have financial interests in entities active in developing and/or marketing property within the boundaries of the District, or are employed by such entities, and that such interests may be affected from time to time by actions of the District's Board of Directors. In accordance with state law, the Directors have filed written disclosures describing such potential conflicts of interest with the Secretary of State, and the Directors present verbally reaffirmed such disclosures on the record of this meeting.

PUBLIC COMMENT:

None.

RECORD OF PROCEEDINGS

Deep Creek Water and Sanitation District

Regular Meeting

December 8, 2016

Page 2

DIRECTOR APPOINTMENTS:

Director Ethan Hampton noted that there are three existing vacancies on the Board, said vacancies having been created pursuant to C.R.S. § 32-1-905(1)(a). Attorney McAskin confirmed that the Board of County Commissioners of Mineral County, Colorado has not taken any action to fill the existing vacancies prior to the December 8th meeting. John H. Parker, II, Ann C. Parker and William M. Parker, III are qualified and willing candidates, and have previously served as members of the Board of Directors. Following discussion Directors Ethan and Margaret Hampton appointed John H. Parker, II, Ann C. Parker and William M. Parker, III to fill the three existing vacancies until the next regular election to be held in May, 2018, and authorized Director Ethan Hampton to execute Certificates of Appointment. Attorney McAskin confirmed that the Certificates of Appointment would be filed with the Division of Local Government in accordance with C.R.S. § 32-1-905(3).

OATHS OF OFFICE:

Attorney McAskin advised the appointed Directors that, in accordance with C.R.S. § 32-1-901, oaths of office must be completed within thirty (30) days after today's appointment. Directors John Parker and Ann Parker were administered their respective oaths of office by Karen Struss, notary public. Director William Parker, participating via phone, confirmed that his oath of office would be completed. Attorney McAskin confirmed that the oaths of office will be filed of record with the clerk of the Mineral County District Court and the Division of Local Government.

ELECTION OF DISTRICT OFFICERS:

Upon motion duly made, seconded and unanimously approved, the Board elected the following officers:

John Parker, President
Ann Parker, Secretary/Treasurer
William Parker, Assistant Secretary
Margaret Hampton, Assistant Secretary
Ethan Hampton, Assistant Secretary

MINUTES:

The Board considered the minutes from the regular meeting of the Board held December 10, 2015. Upon motion duly made, seconded, and unanimously approved (by a vote of 5-0), the Board approved the minutes and authorized Secretary Ann Parker to execute a copy thereof.

RECORD OF PROCEEDINGS

Deep Creek Water and Sanitation District

Regular Meeting

December 8, 2016

Page 3

FINANCIAL MATTERS:

2017 BUDGET:

President Parker declared the public hearing on the 2017 budget opened at 10:08 a.m. Mr. McAskin confirmed that public notice of the budget hearing had been published in accordance with Colorado law, with publication occurring on November 3, 2016 in *The Mineral County Miner*.

The Board reviewed the final proposed 2017 budget, as prepared by Rosemary Gentry, CPA. Upon motion duly made, seconded, and unanimously carried, the Board: (1) approved and adopted the 2017 budget as presented; (2) approved the appropriation and expenditure of funds as shown therein; (3) approved and adopted a 0.000 mill levy to be certified in 2016 (for collection in 2017); (4) authorized President Parker and Secretary Ann Parker to execute the necessary documentation; and (5) directed Mr. McAskin to submit the certification of tax levies to the Mineral County Board of County Commissioners no later than December 15, 2016, and file the 2017 budget with the Division of Local Government prior to January 30, 2017. The Board's approval of the 2017 budget items are set forth in Resolution 2016-1, 2016-2 and 2016-3.

President Parker closed the public hearing on the 2017 budget at 10:10 a.m.

DIRECTOR ITEMS:

Zimmerman property.

President Parker noted that Roland Zimmerman has not paid tap fees due and owing to the District, and is requesting that the District consider allowing Zimmerman to install a septic system in lieu of hooking into the District's existing sanitary sewer system.

Attorney McAskin noted that he had previously provided President Parker with an overview of CDPHE Regulation #43 (On-Site Wastewater Treatment System Regulation).

Section 43.4.B.11 of the Regulation states that:

"No OWTS permit shall be issued to any person when the subject property is located within a municipality or special district that provides public sewer service, except where such sewer service to the property is not feasible in the

RECORD OF PROCEEDINGS

Deep Creek Water and Sanitation District

Regular Meeting

December 8, 2016

Page 4

determination of the municipality or special district, or the permit is otherwise authorized by the municipality or special district.”

Attorney McAskin noted that in order for the District to allow a OWTS (septic system), the District would:

- (1) have to make a determination that sewer service to the Zimmerman property is “not feasible” (which is difficult to establish when the sewer main line is located in the immediate vicinity of the property); or
- (2) have to “otherwise authorize” the utilization of a OWTS (septic system).

Attorney McAskin explained that in order to proceed under option (2) above, the District would be required to take the following steps:

- (a) The District would be required to amend its current Rules and Regulations which require that each District customer hook up to District water and sewer; and
- (b) The District would be required to amend its existing intergovernmental Agreement with the City of Creede. The IGA makes it clear that the District and City were working together to eliminate the use of septic systems within the service area of the District.

Attorney McAskin also noted that he would need to review the District’s service plan and that an amendment to the service plan may be necessary in order for the District to authorize the utilization of a OWTS (septic system).

The Board discussed Zimmerman’s request and declined to authorize the utilization of a OWTS (septic system) within the service area of the District.

The Board discussed options for collecting the outstanding fees due and instructed Attorney McAskin to follow up with Zimmerman’s attorney regarding same, and to communicate the reasons why the District is unable to authorize the utilization of a septic system on the Zimmerman property.

ATTORNEY ITEMS:

Resolution Establishing Meeting location.

Mr. McAskin noted that the location of today’s regular meeting had appeared on the agenda and that the Board should consider adopting a resolution regarding the

RECORD OF PROCEEDINGS

Deep Creek Water and Sanitation District

Regular Meeting

December 8, 2016

Page 5

location of this regular meeting and regular and special meetings to be held in 2017 in accordance with the requirement of § 32-1-903(1), C.R.S. Upon motion duly made, seconded, and unanimously carried, the Board adopted a resolution establishing the meeting location for future Board meetings at 6530 S. Yosemite Street, Suite 200, Greenwood Village, CO 80111 in order to continue to achieve certain administrative efficiencies and based on the fact that a majority of the members of the Board of Directors reside in the Denver metropolitan area and the fact that the District's general counsel is located in the Denver metropolitan area.

2017 Regular Meeting Schedule

Upon motion duly made, seconded, and unanimously carried, the Board selected the following dates in 2017 on which to conduct the regular meetings of the Board of Directors of the District: the 2nd Thursday of the months of March, June, September and December at 10:00 a.m., with all such regular meetings to be held at the offices of Michow Cox & McAskin LLP, 6530 S. Yosemite Street, Suite 200, Greenwood Village, CO 80111.

NEW BUSINESS:

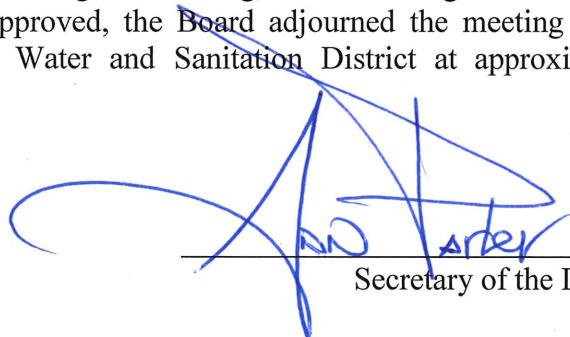
None.

OTHER BUSINESS:

Upon motion duly made, seconded, and unanimously approved, the Board ratified all Board actions taken during calendar year 2016 for the record.

ADJOURNMENT:

There being no further business at said regular meeting, and following a motion duly made, seconded, and unanimously approved, the Board adjourned the meeting of the Board of Directors of Deep Creek Water and Sanitation District at approximately 10:30 a.m.


Secretary of the District